

Chapter 20

Project Closure

20.1 General Discussion

After substantial completion of the work, the agency shall diligently pursue contract completion. In cases where the contractor is not diligently pursuing completion, the agency shall impose liquidating damages penalties, completion of remaining work with local forces or unilateral closure and claims against the contractor.

After the construction phase of a non-NHS FHWA transportation project, done either by competitive bidding or by local agency forces, specific procedures are carried out to terminate the project's finances and review project performance. These procedures are necessary in order to settle any outstanding contract obligations, and to ensure that funds were expended properly.

Chapter 20 lists requirements for closing the project accounts at MDT and FHWA and discusses project management reviews and project audits.

Consistent with criteria established for FHWA oversight, the following chart establishes responsibilities for preparation of project closing documents and actions for FHWA (F), MDT (S), and local agencies (L):

	Local Agency Non-NHS
Documents	
a. Completion Letter	L
b. Material Certification	L
c. List of Change Orders	L
d. MDT Final Accep. Date	L
e. Comparison of Quantities	L
f. DOT 140-500	S
Actions	
a. Nonpart. Approval	S
b. Advance FMIS Steps	F
c. Final Voucher	S/F

(FMIS = Federal Management Information Systems)

20.2 Closure

After the construction contract is complete, a 90-day project closure period begins. This closure period is initiated upon receipt of either a completion letter from the local agency or a final inspection of the project from the MDT CTEP Engineer. During this period, the local agency must complete the requirements described below.

20.21 Completion Letter

Within 15 calendar days of completion as defined in the *Standard Specifications*, the local agency shall submit a physical completion letter to the District Administrator.

20.22 MDT Project Review

The MDT District Construction Engineer or appointee will conduct the final field inspection. It is suggested that the District Administrator be invited to the final project inspection with the contractor. If the final inspection reveals items that must be corrected or resolved before the project can be closed, these will be noted in the final inspection report. The District Administrator will work with the local agency to make the necessary corrections or to accomplish resolutions. If there is an unresolvable item indicating that a portion of project work is ineligible for FHWA reimbursement, MDT will issue a letter of notification outlining the ineligible work items and related costs.

20.23 Final Billing

Within 90 calendar days of the completion date, the local agency shall submit the following documents to the District Administrator clearly marked “Final Billing:”

- a. Final Labor Compliance Payment
- b. The local agency’s final billing
- c. Written justification for billings exceeding the Local Agency Agreement amount. These require approval by the District Administrator

Upon receipt of the final billing, MDT will pay the federal share or bill the local agency as appropriate.

20.24 Project Approval

The District Administrator will inform the local agency when FHWA has approved the Final Voucher and will explain what records must be retained and for how long.

20.3 Project Management Review

In order to be reasonably certain that local agencies are administering FHWA funds in accordance with the *Local Agency Guidelines*, the District Administrator will conduct project management reviews annually on selected local agency ad-and-award projects. These reviews will cover:

- General procedural compliance items noted in OMB Circular A-133.
- Procedures in the *Local Agency Guidelines*.
- Items of special interest developed from State Auditor’s reports, recommendations from FHWA, and previous process reviews.
- Compliance with “Equal Employment Opportunity” and “Disadvantaged Business Enterprise” programs, Federal Davis Bacon and Montana Prevailing wage laws.

20.31 Preparation

The MDT CTEP Engineer will schedule management reviews with the designated agencies and will request that the local agency managers participate. The local agency should have all pertinent documentation ready for the scheduled review. Typical procedural review questions are listed in Appendix 20.51. Typical documents to be examined during this review are also listed in Appendix 20.51. All deficiencies will be identified for the agency at the Project Management Review (PMR). Copies of documentation not available at the time of review shall be submitted through the MDT CTEP Engineer within 21 days. After the 21-day period, the final PMR letter will be sent to the agency.

20.32 Deficiencies

If no major deficiencies are found in the local agency's project management methods, the local agency will be informed in writing of the review team's findings and recommendations.

If major deficiencies exist, the local agency will be asked to take corrective action within 60 days. If the deficiencies include ineligible work, MDT will issue a citation letter.

If deficiencies exist in the agency's procedures, management practices, or systems or if specific project errors are found, MDT's administrative response might be one or more of the following:

- No action against the agency.
- Joint conference with the local agency, MDT CTEP Engineer, and the MDT District Construction Engineer or his designee.
- Limit or withhold the agency's future Certification Acceptance authority (Chapter 3) to the extent deemed necessary:
 - a. Allow Certification on a project-by-project basis.
 - b. Direct MDT to assign a Project Engineer to each project for supervision, inspection, and administration.
 - c. Contract the supervision, inspection, and administration to a consulting firm.
 - d. Delay project authorization until adequate supervision, inspection, and administration is available from the local agency, MDT, or consultants.
- Establish a repayment plan when violations to procedures make certain expenditures ineligible for federal reimbursement, Per Section VII of the Local Agency Agreement, withholding of funds from the local agency.

20.4 Financial and Compliance Audit

The local agency is responsible for providing an annual audit under MCA 2-7-503 and ensuring the audit is performed in accordance with OMB Circular A-133. MDT is also responsible for ensuring that FHWA funds are properly expended.

20.41 By MDT

A project audit by MDT Auditors may be triggered by deficiencies found during:

- a. A routine audit/review, either on an FHWA project or on any other project where federal funds are involved.
- b. A project management review.

20.42 Project Records

Project records shall be maintained in accordance with the terms of the Local Agency Agreement and shall be made available to the audit personnel upon request. It is helpful if field notes and other documentation are available in sufficient detail to facilitate the audit review.

20.43 Audit Report

The local agency will submit a formal audit report to the MDT CTEP Engineer and to FHWA. If findings on a particular audit arise, a MDT representative will contact the agency to confirm the findings and coordinate resolution with the agency. Audit findings must be resolved within six months of the date that the audit report is issued. Audits will normally include the following categories:

- Interagency Agreements
- Land Development or Land Acquisition Projects
- Tier Contracting Procedures
- Fund Management Transactions
- Accounting Methods Cash or Accrual DBE-EEO Practices Use of Grant Acquired Equipment

20.5 Appendices

20.51 Local Agency Documentation Review Checklist

20.52 Final Inspection of Federal Aid Project

20.53 Labor Compliance Spot Check

20.54 Final Labor Certificate

Appendix 20.51 Local Agency Documentation Review Checklist

Agency: _____ Date: _____
 Project Title: _____
 Federal Aid Project No.: _____ Contract No.: _____
 Reviewers: _____

LAG Ref.**Table of Organization and CA Agreement Review:**

<u>Action</u>	<u>Approving Authority</u>
3	
Design Approval _____	
PS&E Approval _____	
Contract Award _____	
Change Orders _____	

Preliminary Engineering:

15.1	Design Approved By: _____	Date: _____
16.1	PS&E Approved By: _____	Date: _____
16.22	Agency Supplied Materials Approved By: _____	
16.22	Sole Source Items? Yes _____ No _____	MDT Approval date: _____
19	Changes in Scope, Limits, Character, Cost? Yes _____ No _____	
	If Yes, MDT Approval Date: _____	

Advertising and Award:

17.21	MDT Construction Authorization Date: _____
17.24	Advertising Dates: _____
17.24	Three Week Advertising Period? Yes _____ No _____
17	Affidavits of Publication in File? Yes _____ No _____
17.25	Bid Opening Date: _____
17.27	Award Date: _____
17.26	Award to Lowest Bidder? Yes _____ No _____ If Not, Explain: _____
17.28	Contract Execution Date: _____
17.28	Contract Award Amount: _____
17.3	Award Information Transmitted to MDT? Yes _____ No _____
19	First Working Day: _____ No. of Working Days: _____
	No. of Working Days Complete: _____
19.2	Preconstruction Conference Minutes Review: _____

Comments: _____

Minutes Sent To: MDT _____?	Yes _____	No _____
Contractor _____	Yes _____	No _____
	All Invitees?	
	Yes _____	

No _____

**LAG
Ref.****Commitment File (DOT Form 220-021 or equal)**

16.68 Environmental and Permit Conditions Met Yes_____ No_____

Met with Maintenance and Corrected Problems Identified in PS&E Yes_____ No_____

10 Right-of Way

Right-of-Way Commitments to Landowner Met Yes_____ No_____

Right-of-Way Acquired Yes_____ No_____

Right-of-Way Acquisition Procedures Dated: _____

Listing of Right-of-Way Staff Current Yes_____ No_____

(If No, attach new listing with individual staff qualifications)

Comments: _____

10.11 Project Right-of-Way Certification Dated: _____

10.11 Certification Review Letter in file (after 1/1/97) Yes_____ No_____

17.27 Construction Contract Administration**17.42 Approval of Subcontractors:**

Subcontractor	Amount (\$)	Approval Date	DBE/WBE?
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Specialty Items Subbed: _____ Amount: \$ _____

Percent of Contract Subbed: _____ %

Allowable – (Contract Amount specialty Items) 0.70- _____

19.5 Change Orders:

Verbal No.	Written Approval Date	Approval Date	Comments	Documented
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

LAG

Ref.

19.51 Claims by Contractor? Yes _____ No _____
Comments: _____

19 & 20 Project Diaries and Inspector's Daily Reports Signed and Up to Date? Yes _____ No _____
Payrolls:

Wage Rates Included in Contract?	Yes _____	No _____
Payrolls on File?	Yes _____	No _____
Certified by Contractor?	Yes _____	No _____
Checked and Initialed by Agency?	Yes _____	No _____

<u>Prime/Subs</u>	<u>Wage Rate Interview</u>	<u>Intent to Pay Wages</u>	<u>Affidavit Wages Paid</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Standard Any DOL Violations of Contract? Yes _____ No _____ -
Specification If Yes, How Resolved? _____

11 EEO Compliance

PE Right-of-Way Yes _____ No _____
Consultant Yes _____ No _____
Hearings (Title VI) Yes _____ No _____
Monthly Utilization Reports (CC 257) on File
For Prime and Subs (Greater than \$10,000) Yes _____ No _____
PR-1391 on File and Sent to Regional Local Programs? Yes _____ No _____
Comments: _____

Training:

Training Goal Set? Yes _____ No _____ Hours _____
Training Plan Approved by Agency: Yes _____ No _____
Training Goal Met? Yes _____ No _____ Hours _____
Comments: _____

11 DBE Compliance:

11.2 DBE Goal Set: \$ _____
11.2 DBE Condition of Award Amount: \$ _____
11.2 How Was DBE Certification Verified Prior to Award? _____
11.2 DBE On-Site Review Conducted for Each Sub? Yes _____ No _____
19.5 Change Orders Affects on DBEs: Yes _____ No _____
19.5 Additional Work Provided to DBEs? Yes _____ No _____
19.5 Any Changes to DBE Goals? Yes _____ No _____
19.2 Approved by Regional Local Programs Engineer? Yes _____ No _____
20.83 Affidavit of Amounts Paid to DBEs Sent to
Regional Local Programs Engineer? Yes _____ No _____

Bridge Construction Projects:

Bridge Rail Crash Tested Design Used? Yes _____ No _____
(New Construction Only, Any Funding Program)

Contract Completion:

19.81 Completion Date: _____ -
19.81 Completion Letter to Contractor Date: _____ -
19.83 End of Project Materials Certification From Project Engineer to Approving Authority Date: _____

Appendix 20.52 Final Inspection of Federal Aid Project**Montana Department of Transportation****Final Inspection of Federal Aid Project**
Constructed Under 23 U.S.C. 117

Project Title					
Federal Aid Number		Contract Number		Agency	
Description of Work					
Contractor		Contract Award Amount \$		Final Contract Cost (Do not include Construction Engineering) \$	
% Sublet	Training Contract Hours	Total Hours Paid	DBE Contract Goal \$	DBE Condition of Award Amt. \$	DBE Affidavit of Amt. Paid \$
Date of Inspection		Inspection Made by			
Accompanied By					
Remarks					
Comments Marking and signing in conformance with contract plans? _____ Roadside Obstacles? _____ Materials certified by agency? _____ Claims? _____ Change Orders? _____ Completed in accordance with specified working days? _____ Other? _____					
This project has been completed in substantial conformance with the project prospectus and contract plans This project has the following deficiencies which must be corrected prior to final acceptance:					
Signature of Highways and Local Programs Engineer				Date	

Appendix 20.53 Labor Compliance Spot Check

FORM LC-1 (REV. 3/97)
3255-3450

LABOR COMPLIANCE SPOT CHECK

PROJECT NO. _____ DISTRICT _____
 DESIGNATION _____ DATE _____
 CONTRACTOR _____ INTERVIEWER _____
 PRIME _____ SUBCONTRACTOR _____

LC-1 MUST BE ATTACHED TO CORRESPONDING PAYROLL
 INTERVIEWS ARE TO BE CONDUCTED THE 2nd & 4th WEEKS AND THEN ONCE A MONTH.
 RETAIN ONE COPY FOR YOUR FILES.
 REFER TO CRB MANUAL, LABOR COMPLIANCE SECTION.

EMPLOYEE NAME	CLASSIFI- CATION	RATE OF PAY OT?*	WORK PERFORMED	1. ATTEND EEO MTGS? 2. EEO OFFICER? 3. COMPLAINT FILING? 4. BULLETIN BOARD? (CIRCLE IF KNOWN)				Are you employed by another contractor on this project? (If yes, write in name of contractor.)
				1	2	3	4	
1.				1	2	3	4	
2.				1	2	3	4	
3.				1	2	3	4	
4.				1	2	3	4	
5.				1	2	3	4	
6.				1	2	3	4	
7.				1	2	3	4	
8.				1	2	3	4	
9.				1	2	3	4	
10.				1	2	3	4	
11.				1	2	3	4	
12.				1	2	3	4	
13.				1	2	3	4	
14.				1	2	3	4	
15.				1	2	3	4	
16.				1	2	3	4	
17.				1	2	3	4	
18.				1	2	3	4	
19.				1	2	3	4	
20.				1	2	3	4	

* Are you receiving time and a half wages for all work over 40 hours in a work week?

Appendix 20.54 Final Labor Certificate

Montana Department of Transportation
Helena MT 59620-1001
FINAL LABOR CERTIFICATE

To: [Name]
 [Title]

From: [Government Official Name]
 [Title]

Date: [Date]

Subject: Project [#]
 [Location, Site Description]

All payrolls for the above noted project have been received and approved.

The project was completed [Date]. [Agency Name] received notice of completion on [Date]. Final payroll was checked on [Date]. This certificate is issued to comply with federal requirements.

Prime Contractor - [Contractor name]

Subcontractors - [Subcontractor name]

Completion Date - [Name]

The [Agency Name] is required to maintain certified payrolls for three years after final voucher.

Cc: File
 [Name]
 [Name]